

## § 20.2013-6

the exercise of C's general power of appointment is "property" received from C for purpose of the credit in D's estate. No credit is allowed E's estate for the property which passed to her from C since the property was not included in C's gross estate. On the other hand, no credit is allowed in E's estate for property passing to her from A since her interest was not susceptible of valuation at the time of A's death (see § 20.2013-4).

### § 20.2013-6 Examples.

The application of §§ 20.2013-1 to 20.2013-5 may be further illustrated by the following examples:

*Example (1).* (a) A died December 1, 1953, leaving a gross estate of \$1,000,000. Expenses, indebtedness, etc., amounted to \$90,000. A bequeathed \$200,000 to B, his wife, \$100,000 of which qualified for the marital deduction. B died November 1, 1954, leaving a gross estate of \$500,000. Expenses, indebtedness, etc., amounted to \$40,000. B bequeathed \$150,000 to charity. A and B were both citizens of the United States. The estates of A and B both paid State death taxes equal to the maximum credit allowable for State death taxes. Death taxes were not a charge on the bequest to B.

(b) "First limitation" on credit for B's estate (§ 20.2013-2):

A's gross estate .....	\$1,000,000.00
Expenses, indebtedness, etc. ....	90,000.00
<b>A's adjusted gross estate .....</b>	<b>910,000.00</b>
Marital deduction .....	\$100,000.00
Exemption .....	60,000.00
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	160,000.00
<b>A's taxable estate .....</b>	<b>750,000.00</b>
<b>A's gross estate tax .....</b>	<b>233,200.00</b>
Credit for State death taxes .....	23,280.00
<b>A's net estate tax payable .....</b>	<b>209,920.00</b>

"First limitation" =  
 $\$209,920.00$   
 $(\$20.2013-2(b)) \times$   
 $[(\$200,000.00 -$   
 $\$100,000.00)$   
 $(\$20.2013-4) +$   
 $(\$750,000.00 -$   
 $\$209,920.00 -$   
 $\$23,280.00 +$   
 $\$60,000.00)$   
 $(\$20.2013-2(c))]$  ..... **\$36,393.90**

(c) "Second limitation" on credit for B's estate (§ 20.2013-3):

(1) B's net estate tax payable as described in § 20.2013-3(a)(1) (previously taxed transfer included):

B's gross estate .....	\$500,000.00
Expenses, indebtedness, etc. ....	\$40,000.00
Charitable deduction .....	150,000.00
Exemption .....	60,000.00

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	250,000.00
<b>B's taxable estate .....</b>	<b>250,000.00</b>
<b>B's gross estate tax .....</b>	<b>\$65,700.00</b>
Credit for State death taxes .....	3,920.00
<b>B's net estate tax payable .....</b>	<b>61,780.00</b>

(2) B's net estate tax payable as described in § 20.2013-3(a)(2) (previously taxed transfer excluded):

B's gross estate .....	\$400,000.00
Expenses, indebtedness, etc. ....	\$40,000.00
Charitable deduction	
(\$20.2013-3(b))=	\$150,000.00
- [\$150,000.00 ×	
(\$200,000.00 -	\$100,000.00
+ \$500,000.00 -	
\$40,000.00)] .....	117,391.30
Exemption .....	60,000.00

	217,391.30
<b>B's taxable estate .....</b>	<b>182,608.70</b>
<b>B's gross estate tax .....</b>	<b>45,482.61</b>
Credit for State death taxes .....	2,221.61
<b>B's net estate tax payable .....</b>	<b>43,260.00</b>

(3) "Second limitation":

Subparagraph (1) .....	\$61,780.00
Less: Subparagraph (2) .....	43,260.00
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	\$18,520.00

(d) Credit of B's estate for tax on prior transfers (§ 20.2013-1(c)):

Credit for tax on prior transfers=\$18,520.00  
(lower of paragraphs (b) and (c))×100 percent  
(percentage to be taken into account under  
§ 20.2013-1(c)) ..... **\$18,520.00**

*Example (2).* (a) The facts are the same as those contained in example (1) of this paragraph with the following additions. C died December 1, 1950, leaving a gross estate of \$250,000. Expenses, indebtedness, etc., amounted to \$50,000. C bequeathed \$50,000 to B. C was a citizen of the United States. His estate paid State death taxes equal to the maximum credit allowable for State death taxes. Death taxes were not a charge on the bequest to B.

(b) "First limitation" on credit for B's estate (§ 20.2013-2(d))—

(1) With respect to the property received from A:

"First limitation"=\$36,393.90 (this computation is identical with the one contained in paragraph (b) of example (1) of this section).

(2) With respect to the property received from C:

C's gross estate .....	\$250,000.00
Expenses, indebtedness, etc. ....	\$50,000.00
Exemption .....	\$60,000.00
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	\$110,000.00
<b>C's taxable estate .....</b>	<b>140,000.00</b>

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C's gross estate tax .....	32,700.00
Credit for State death taxes .....	1,200.00
C's net estate tax payable .....	31,500.00

"First limitation" = \$31,500.00 (§ 20.2013-2(b))  
 × [\$50,000.00 (§ 20.2013-4) + (\$140,000.00  
 - \$31,500.00 - \$1,200.00 + \$60,000.00)  
 (§ 20.2013-2(c))] ..... \$9,414.23

(c) "Second limitation" on credit for B's estate (§ 20.2013-3(c)):

(1) B's net estate tax payable as described in § 20.2013-3(a)(1) (previously taxed transfers included)=\$61,780.00 (this computation is identical with the one contained in paragraph (c)(1) of example (1) of this section).

(2) B's net estate tax payable as described in § 20.2013-3(a)(2) (previously taxed transfers excluded):

B's gross estate .....	\$350,000.00
Expenses, indebtedness, etc .....	\$40,000.00
Charitable deduction (\$ 20.2013-3(b)) = \$150,000.00 - [\$150,000.00 × (\$200,000.00 - \$100,000.00 + \$50,000.00) + (\$500,000.00 - \$40,000.00)]	101,086.96
Exemption .....	60,000.00
	201,086.96
B's taxable estate .....	148,913.04

B's gross estate tax .....	35,373.91
Credit for State death taxes .....	1,413.91

B's net estate tax payable .....	33,960.00
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(3) "Second limitation":

Subparagraph (1) .....	\$61,780.00
Less: Subparagraph (2) .....	33,960.00
	\$27,820.00

(4) Apportionment of "second limitation" on credit:

Transfer from A (§ 20.2013-4) .....	\$100,000.00
Transfer from C (§ 20.2013-4) .....	50,000.00
Total .....	150,000.00
Portion of "second limitation" attributable to transfer from A (100/150 of \$27,820.00) .....	18,546.67
Portion of "second limitation" attributable to transfer from C (50/150 of \$27,820.00) .....	9,273.33

(d) Credit of B's estate for tax on prior transfers (§ 20.2013-1(c)):

Credit for tax on transfer from A=	
\$18,546.67 (lower of "first limitation" computed in paragraph (b)(1) and "second limitation" apportioned to A's transfer in paragraph (c)(4))×100 percent (percentage to be taken into account under § 20.2013-1(c)) .....	\$18,546.67

Credit for tax on transfer from C=	
\$9,273.33 (lower of "first limitation" computed in paragraph (b)(2) and "second limitation" apportioned to B's transfer in paragraph (c)(4))×80 percent (percentage to be taken into account under § 20.2013-1(c)) .....	7,418.66

Total credit for tax on prior transfers ..... 25,965.33

### § 20.2014-1 Credit for foreign death taxes.

(a) *In general.* (1) A credit is allowed under section 2014 against the Federal estate tax for any estate, inheritance, legacy, or succession taxes actually paid to any foreign country (hereinafter referred to as "foreign death taxes"). The credit is allowed only for foreign death taxes paid (i) with respect to property situated within the country to which the tax is paid, (ii) with respect to property included in the decedent's gross estate, and (iii) with respect to the decedent's estate. The credit is allowable to the estate of a decedent who was a citizen of the United States at the time of his death. The credit is also allowable, as provided in paragraph (c) of this section, to the estate of a decedent who was a resident but not a citizen of the United States at the time of his death. The credit is not allowable to the estate of a decedent who was neither a citizen nor a resident of the United States at the time of his death. See paragraph (b)(1) of § 20.0-1 for the meaning of the term "resident" as applied to a decedent. The credit is allowable not only for death taxes paid to foreign countries which are states in the international sense, but also for death taxes paid to possessions or political subdivisions of foreign states. With respect to the estate of a decedent dying after September 2, 1958, the term "foreign country", as used in this section and §§ 20.2014-2 to 20.2014-6, includes a possession of the United States. See §§ 20.2011-1 and 20.2011-2 for the allowance of a credit for death taxes paid to a possession of the United States in the case of a decedent dying before September 3, 1958. No credit is allowable for interest or penalties paid in connection with foreign death taxes.

(2) In addition to the credit for foreign death taxes under section 2014, similar credits are allowed under death tax conventions with certain foreign